

Federal stimulus plan would help smaller firms say industry leaders

Don Wall May 14, 2020



Ontario construction stakeholders cautiously praised news of a stimulus infrastructure plan revealed by federal Infrastructure Minister Catherine McKenna recently.

McKenna told a reporter from the Canadian Press that the government would be setting aside up to 10 per cent of the \$33.5-billion Investing in Canada program for COVID-19 project funding and would give provinces greater autonomy in rolling out eligible infrastructure projects.

Ottawa would pick up 80 per cent of the cost of projects, and builds must be completed before the end of the 2021 construction season.

Stakeholders focused on that deadline and other details of the proposed plan, including a possible cap on per-project spending that has been floated, suggesting it was clear the federal government intended to get the money into provincial hands quickly, with shovel-ready projects targeted and small- and medium-sized firms the likely main beneficiaries.

Multi-year projects such as the large transit and institutional jobs procured by Infrastructure Ontario look to be ineligible.

“Kudos to the federal government,” said Karen Renkema, vice-president, Ontario with the Progressive Contractors Association of Canada.

“Infrastructure-worthy projects are important but infrastructure-worthy projects aren’t only banner projects, they are also smaller projects that need to happen in municipalities across the province.”

“More folks in the industry will be impacted by the spend,” echoed John Mollenhauer, president and CEO of the Toronto Construction Association. “When it is megaprojects and only megaprojects, the principal beneficiaries are those with the wherewithal to handle those types of projects. On smaller projects, smaller companies have a chance to get some of that work.”

Both Mollenhauer and Renkema said they wanted to see more program details before commenting further.

The Canadian Press article ran May 12 with no supporting official statement released by the Ministry of Infrastructure. McKenna’s press secretary Chantalle Aubertin subsequently said the details in the article represented the “government’s thinking on proposed changes to the infrastructure program,” and said the official plan will be unveiled in coming weeks.

The article accurately reflected McKenna’s comments, she confirmed.

Essential principles, Aubertin said, include faster project approvals, with hundreds of projects approved and ready to go; support for more resilient social infrastructure, such as hospitals and schools; and an increased federal share for “shovel-worthy” projects, from building retrofits to new pathways and bike lanes “that will help Canadians physically distance while staying active and healthy.”

Stakeholders reading the announcement variously calculated that Ontario’s share of the accelerated funding, which McKenna said represented a reallocation of existing funding, amounted to between \$700 million and \$1.35 billion.

Council of Ontario Construction Associations president Ian Cunningham noted that one benefit of smaller projects is that they tend take less time in the design stage and thus can get out the door quickly. And trails and bike lanes are more in the “wheelhouse” of small contractors, he said.

“I am not sure how much design work has to get done on a bike path or a trail,” Cunningham remarked.

“They have got to be completed by Dec. 31 of next year so that’s 18 months to get them planned and done so that is an accelerated schedule.”

Residential and Civil Construction Alliance of Ontario executive director Andy Manahan noted that the federal infrastructure ministry has been consulting widely for a month or

two and that the announcement of the accelerated stream was expected at the end of May. The sooner the stimulus comes, the better for cash-strapped contractors, he said.

“Many firms are small- and medium-sized and they are very dependent on cash flow, so to keep the industry going it is essential that we have some projects that are more immediate and can get out the door fast,” he said. “Although I am always thinking about long-term and recalibrating and getting the best return on projects, I am also being cognizant of the fact that we are right in the middle of the spring construction season and it is important to get those projects going as soon as possible.”

Manahan said it remains important that longer-term projects that inject billions into the economy remain on the table as a possible second wave of projects to provide stimulus.

Manahan and Renkema stressed that project procurement and turnaround must be as efficient as possible.

“Application-based programs are not the way to go,” said Manahan, because they take too much paperwork. Most municipalities now have asset-management plans in place, he said, and are in a position to “figure out their own priorities without having to fill out application forms.”

Renkema noted that money has not flowed quickly from the bilateral infrastructure agreements provinces have signed with the federal government so the intention to move quickly and remove regulatory hurdles is welcome. For example, she said, now is not the time to insist on community benefits agreements.

“If the intention is to get this money out quickly, in order to employ as many as people as possible, I think that intention in itself is important,” Renkema remarked.